



Conversions: Public Sector to Private Provider

Conversions: State-run LMHAs to Private Providers

<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Clients	4,654	9,308	13,962	13,962	13,962
Yearly Savings	\$34,011,012	\$68,022,025	\$102,033,037	\$102,033,037	\$102,033,037
Cumulative Savings					\$408,132,148

Conversions: State-run DDS Facilities to Private Providers

<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Clients	296	592	888	888	888
Yearly Savings	\$49,993,240	\$100,042,843	\$150,092,446	\$150,092,446	\$150,092,446
Cumulative Savings					\$600,313,420

Conversions: State Agency Caseworkers to Community Caseworkers

<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Caseworkers	133	266	400	400	400
Yearly Savings	\$4,000,000	\$7,990,000	\$12,010,000	\$12,010,000	\$12,010,000
Cumulative Savings					\$48,020,000

Conversions: State Overtime Reductions

<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Yearly Savings	\$9,333,333	\$18,666,667	\$28,000,000	\$28,000,000	\$28,000,000
Cumulative Savings					\$112,000,000

Conversions: Additional Reductions

<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Additional Conversions to Community Providers	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Cumulative Savings					\$75,000,000

Assumptions on the Conversion Cost Estimates

The cost estimates for DDS and DMHAS conversion from state-operated to nonprofits are based upon the differential in cost estimated from financial data related to costs associated with state personnel compared to that of nonprofit provider funding for similar services.

For DDS, the average cost per client for state-run residential services was compared to average cost for nonprofit provider residential services. The cost difference for public-private clients is \$169,000 per year. The difference is based upon DDS supplied cost comparison for FY13 and FY14. The Alliance projects total savings in the DDS system to be approximately \$600 million over five years.

For DMHAS, the average cost per client for state-run Local Mental Health Authority services was compared to average cost for nonprofit provider Local Mental Health Authority services. The cost difference for public vs nonprofit clients was \$7,300 per client per year in FY16. The Alliance collected Medicaid billing data and client counts for all seven nonprofit Local Mental Health Authorities and compared that with the personnel costs and client counts of the six state-operated LMHAs to calculate the cost differential. The Alliance projects total savings in the DMHAS system to be approximately \$408 million over five years.

In addition, the Alliance calculated a 50 percent reduction in overtime for 3 state agencies, DMHAS, DCF, and DDS, as well as converting state case management services to community case managers currently doing the same functions for substantial savings over 5 years. Finally, community providers are identifying additional state services that they are providing which, if done by their organizations, will also result in further savings to the state budget.

Total savings are calculated based on converting state-operated facilities and services to nonprofit community providers over a period covering five state budgets. The Alliance has based the calculations on a three-year transition.

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